TO: The Honorable Chairman and Members of the Board of County Commissioners

FROM: Ken Burke, CPA
Clerk of the Circuit Court and Comptroller
Ex Officio County Auditor

SUBJECT: Audit of American Recovery and Reinvestment Act Grants

DATE: August 9, 2012

For your review and filing in the Official Records, I am enclosing a copy of the report dated August 9, 2012 on the above-referenced audit.

I hope you find this report helpful in ensuring Pinellas County government provides the best possible service to our citizens.

cc: Robert S. LaSala, County Administrator
Mark Woodard, Assistant County Administrator
Jim Bennett, County Attorney
William M. Berger, Interim Director, Office of Management and Budget
Claretha N. Harris, Chief Deputy Director, Finance Division
Ernst & Young

*Accredited Office of Inspector General by the Commission of Florida Law Enforcement Accreditation
DIVISION OF INSPECTOR GENERAL
Ken Burke, CPA
CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA

Audit of American Recovery and Reinvestment Act Grants

Hector Collazo, Jr., Director
Inspector General/Chief Audit Executive

Audit Team
Ken Green, CIGA – Senior Inspector General Auditor
Flo Riggle, CIA, CIGA, CISA, CRISC, ITIL-F – Inspector General Auditor II

AUGUST 9, 2012
REPORT NO. 2012-16
August 9, 2012

The Honorable Chairman and Members
of the Board of County Commissioners

We have conducted an audit of the American Recovery and Reinvestment Act Grants. Our audit objectives were to:

- Determine recipient or sub-recipient compliance with Federal reporting preparation and submission requirements.
- Determine compliance with reporting oversight and coordination requirements.

We conclude that Pinellas County is in compliance with the Federal Recovery Act reporting requirements.

Based on the audit procedures performed, there are no Opportunities for Improvement presented in this report.

We appreciate the cooperation shown by the staff of the Office of Management and Budget during the course of this review.

Respectfully Submitted,

Hector Collazo, Jr., Director
Division of Inspector General

Approved:

Ken Burke, CPA*
Clerk of the Circuit Court and Comptroller
Ex Officio County Auditor
*Regulated by the State of Florida

*Accredited Office of Inspector General by the Commission of Florida Law Enforcement Accreditation
AUDIT SUMMARY

Synopsis

We conclude that Pinellas County is in compliance with the American Recovery and Reinvestment Act Grants (ARRA) reporting requirements as stipulated under the respective Catalogue of Federal Domestic Assistance (CFDA).

During the course of our audit, we determined that inconsistencies existed regarding grant information presented by various Pinellas County departments on their individual websites. These inconsistencies were reported to the management of the Office of Management and Budget (OMB) and they immediately responded by removing the information and providing a website link to Federal recovery.gov for additional grant information.

*Based on the audit procedures performed; there are no Opportunities for Improvement presented in this report*

Scope and Methodology

We conducted a compliance audit of the ARRA grant reporting requirements as stipulated under the Catalogue of Federal Domestic Assistance.

In order to meet audit objectives and obtain an understanding of the grant, we interviewed the individuals responsible for ARRA grant oversight and reporting - the staff of the Office of Management and Budget. We reviewed responsibility and timing for reporting as mandated in the Recovery Act checklists and related Federal and state guidance.

The objectives of our audit were to:

1. Determine recipient or sub-recipient compliance with Federal reporting preparation and submission requirements.
2. Determine compliance with reporting oversight and coordination requirements.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the *Principles and Standards for Offices of Inspector General*, and accordingly, included such tests of records and other auditing procedures, as we considered necessary in the circumstances. The audit period was January 2010 through December 2010. However, transactions and processes reviewed were not limited by the audit period.
Overall Conclusion

Our review found Pinellas County to be in compliance with Primary Recipient Quarterly Federal reporting requirements for Recovery Act grants during 2010 by virtue of the fact that Pinellas County did not appear on the list of non-compliers posted on the Federal website recovery.gov.

Review of Federal Recovery Act guidance, M-09-21, for carrying out the reporting requirements in Section 1512 revealed that prime recipients may delegate certain reporting responsibilities to sub-recipients. However, we could not determine that Pinellas County had been delegated such responsibilities as a sub-recipient, and therefore, we did not pursue this objective.

The Office of Management and Budget (OMB) is not responsible for reporting oversight and coordination for Pinellas County recipients of Recovery Act grants. Meetings with OMB management and staff led us to the determination that while OMB reminds all known recipients of upcoming quarterly reporting deadlines, each primary recipient is responsible for their own reporting.

Additionally, in the course of our review we found the internal and external county websites where Recovery Act grant information is posted were inconsistent and out of date. It should be noted that the inconsistencies we found have no bearing on reporting compliance and were only discovered in the course of determining what awards Pinellas County had received. After reporting this to OMB management, they responded by removing this data and instead, provided a link to the Federal recovery.gov website for this data.

We conclude that Pinellas County is in compliance with Federal Recovery Act reporting requirements.

There are no Opportunities for Improvement presented in this report.

Background

President Obama signed the Recovery Act into law on February 17, 2009 to stimulate the economy and create jobs with provisions for an unprecedented level of accountability and transparency. The Act specifies that 37% of the package is to be devoted to tax incentives equaling $288 billion, and $144 billion, or 18%, is allocated to state and local fiscal relief (more than 90% of the state aid is going to Medicaid and education). The remaining 45%, or $357 billion, is allocated to Federal spending programs such as transportation, communication, waste water and sewer infrastructure improvements, energy efficiency upgrades in private and Federal buildings, extension of Federal unemployment benefits, and scientific research programs.
The Recovery Act’s stated purposes include the following:

1. To preserve and create jobs, and promote economic recovery.
2. To assist those most impacted by the recession.
3. To provide investments needed to increase economic efficiency by spurring technological advances in science and health.
4. To invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits.
5. To stabilize state and local government budgets in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

The Federal Office of Management and Budget (OMB) is responsible for developing government-wide rules and procedures to ensure funds are awarded and distributed in a timely and fair manner. The Federal OMB has worked with the Recovery Accountability and Transparency Board to deploy a nationwide data collection system at the website www.FederalReporting.gov where recipient quarterly data required by Section 1512 of the Recovery Act is reportable. Recipient reports required by Section 1512 will answer important questions, such as:

- Who is receiving Recovery Act dollars and in what amounts?
- What projects or activities are being funded with Recovery Act dollars?
- What is the completion status of such projects or activities and what impact have they had on job creation and retention?

Recipient reports are due no later than the 10th day after the end of each calendar quarter (beginning the quarter ending September 30, 2009). The Federal agency providing those funds must make reports publicly available no later than the 30th day after the end of that quarter. Aimed at providing transparency into the use of these funds, the recipient reports are required to include the following detailed information:

- Total amount of funds received; and of that, the amount spent on projects and activities.
- A list of those projects and activities funded by name to include:
  - Description
  - Completion status
  - Estimates on jobs created or retained
- Details on sub-awards and other payments.

In support of President Obama’s vow for unprecedented transparency, the website www.recovery.gov was developed to allow taxpayers to track money to the street level. Retrieved from recovery.gov, as of January 25, 2012, Pinellas County has been awarded $20,658,517 for 22 Recovery Act grants. Total Prime Recipient Award Amount funding is $12,412,576 for 8 grants and total Sub Recipient Award Amount funding is $8,245,941 for 14 grants. Additionally Pinellas County provides Recovery Act information on the external website under Residents, Taxes and County Budget.
The www.FederalReporting.gov website works in conjunction with the www.recovery.gov website to provide a comprehensive solution for recipient reporting and Recovery data transparency. Recipient reports are submitted to www.FederalReporting.gov and are ultimately published on www.recovery.gov in accordance with the recurring quarterly timeframes.

During the course of our audit, management consolidated Federal Recovery Act grant information maintained by various Pinellas County departments’ websites to one link for consistency.
DIVISION OF INSPECTOR GENERAL
KEN BURKE, CPA
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